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REGIONAL AND POLITICAL ANALYSIS

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2 August 1977

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This publication is prepared for regional specialists in the Washington community by the East Asia/Pacific Division, Office of Regional and Political Analysis, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Rehabilitation Revisited

The circumstances of Teng Hsiao-ping's 1977 rehabilitation are vastly different from those of 1973. Despite the fact that his major adversaries, the "gang of four," were out of the way this time, his return required an extensive period of preparing public opinion, in part because the effort to bring him back began even as the campaign against him was still in progress. This sudden change of heart about Teng left some leaders, like Peking party boss Wu Te, stranded in the old anti-Teng campaign, and it was necessary before bringing Teng back to exonerate such people. Moreover, while Teng's 1973 return was no threat to Mao Tse-tung or Chou En-lai, who both supported and facilitated it, his 1977 comeback is indeed a threat to Hua Kuo-feng, who probably did not support it and certainly did not make the process easy.

Teng's return occurred rather suddenly in 1973, when he was led somewhat reluctantly into a state banquet. It was not foreshadowed, as was his return this time, by the rehabilitation of officials close to him. In fact Teng became in 1973 the first of the major party officials ousted during the Cultural Revolution to be restored to political life. Despite the apparent suddenness of the move, however, Teng's rehabilitation had been rumored since 1968, fueled by reports that he had done a satisfactory self-criticism and lent further credence by the fact that he was never attacked by name in the official media, in contrast to his second ouster. Moreover, a directive was issued in the autumn of 1972 announcing that Teng would be rehabilitated. That it took six months to bring him back and another eight months to restore him to party positions attests to the hard fight the "gang of four" must have been putting up at the time.

This time Teng returned immediately to all of his positions and, with no apparent shyness, made an "important speech" at his first outing. While it would have been difficult to forecast Teng's rehabilitation

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in 1973, the possibility of his second return was officially, and no doubt deliberately, left open when he, unlike the "gang of four," was allowed to retain his party membership after his dismissal from office in 1976. The careful and protracted groundwork preceding his return this time made his actual reappearance something of an anticlimax and was, in any event, an excellent lesson in the fine Chinese art of signal-giving. A number of tantalizing hints drawn out over a period of several months preceded his return and included:

--The gradual end of calls to criticize him.

--The issuance of a revised version of a speech by Wu Te omitting his original reference to the anti-Teng campaign.

--The intermittent appearances and finally the promotion of his brother.

--The return of his close associates who dropped out of sight with him in 1976.

--Defense of specific policy papers drafted under his orders.

--References to historical circumstances in which he made a name for himself such as the investigation of Kao Kang and Jao Shu-shih.

--The use of his name in official publications.

--The release of photographs in which he appeared.

--The public removal of some specific charges against him such as taking Mao's three directives as the "key link."

A number of omissions prior to or at the time of Teng's rehabilitation are significant. There was no direct reference to the April 5, 1976, riots in Peking that resulted in Teng's fall and Hua Kuo-feng's elevation. There were probably several reasons for this: to have publicly supported the riots as a legitimate show of grief for the deceased Chou En-lai would have put Wu Te, who had to call the riots off, on the spot; it also would

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have raised questions about the memory of Mao, who was attacked in posters at the riots; and most importantly, it might have cast doubt on the correctness of the decision to elevate Hua at that time. The concurrent decision to dismiss Teng from office was not officially repudiated, probably for the same reason.

Instead, the leadership chose to make public Teng's letters to Hua and the Central Committee pledging his support for the new chairman. In addition, the communique of the plenum indulged in some rewriting of history by making it appear that the impetus for Teng's return came from Hua, who allegedly called for his rehabilitation last March so that Teng could "resume work."

As eventually occurred after his 1973 rehabilitation, Teng now ranks higher in the leadership than he ever did before. What is different about his third tour of duty, however, is that he is not the right-hand man of a Liu Shao-chi or a Chou En-lai, but for the first time is his own man. [redacted] 25X1

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Teng's "Twenty Points"

Now that Teng Hsiao-ping has been formally returned to the positions he held prior to his purge in April 1976, he is almost certain to resume his former key role in directing China's efforts toward economic modernization. Teng's famous report entitled "Some Questions on Accelerating the Development of Industry," usually referred to as the "Twenty Points," is bound to become the framework for the future development of China's crucial industrial sector.

The "Twenty Points," which were first drafted with Teng's assistance in July 1975, and attacked the following spring by the non-discredited "gang of four," were unanimously affirmed and supported at a central work conference held in March of this year. [redacted]

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[redacted]

In general, the "Twenty Points" call for:

--Emphasis on target fulfillment, quality control, and increased production.

--Combining strong central control over certain large enterprises and economic planning in general, with increased local control over management. (The "Twenty Points" do not provide, as the "gang of four" charged, for "direct and exclusive control of enterprises by the ministry concerned.")

--Increased exports of minerals, especially oil and coal, to pay for advanced technology imports, a policy viciously attacked by the left as squandering China's resources.

--"Adjusting" wages in general and hiking those of workers at the lower end of the pay scale.

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The "Twenty Points" closely resemble the "Seventy Articles on Industry," which were drafted under Teng Hsiao-ping's supervision in the early 1960s and were designed to spur economic recovery from the crisis brought on by the failure of Mao's Great Leap Forward. Both the "Twenty Points" and the "Seventy Articles" appear to be typical of Teng's style of problem-solving: hitting problems head-on and proposing his solutions to substantively responsible individuals in draft outline form for comments and suggestions. After discussion, the original outline is then revised and strictly implemented.

State Planning Commission chief and former minister of petroleum Yu Chiu-li, who led all other ministers in implementing the "Seventy Articles" during the 1960s and whose organization recently published an article in the *People's Daily* supporting the "Twenty Points," will doubtless ensure that Teng's industrial policies are implemented this time around.

Rising expectations on the part of the Chinese people for an increased standard of living will not be easy to manage. Because many Chinese expect he will raise their wages, Teng Hsiao-ping will be under the gun to produce. There will be considerable pressure within the State Council and in the provinces to fulfill the targets set by Teng and company. Given Teng's reputation as a strict disciplinarian, those leaders who fail to measure up will probably not last long in their positions. [redacted] 25X1 25X1

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The PLA: Differences Over Teng

Initial military reaction to the recent party plenum that rehabilitated Teng Hsiao-ping appears to be mixed and, in some quarters, distinctly cool. Some senior officers, in both national and regional organizations, strongly support Teng's return to power, while others have either ignored it or given Teng's second rehabilitation a lukewarm response. This is not surprising because, had the military been united in its support for Teng, it is likely that he would have returned sooner.

At the national level, officers of the Military and Political Academy have expressed strong support for Teng. By contrast, an article on July 24 about the plenum by the new national model combat unit, the Hard-Boned 6th Company, ignored Teng completely.

The same mixed reaction to Teng's return has occurred in the provinces. Some leaders, like Jeng Jung, the political commissar and party leader of Tibet, expressed enthusiasm for Teng's restoration. Others, such as Chang Li-hsiung, political commissar of the Kiangsi Military District, chose to ignore Teng's return in their speeches on the plenum. Although there seems to be no pattern in the civilian response to Teng's return--some of his strongest supporters in the provinces have made no mention of him--the varied response by military leaders is significant because two of Teng's offices are potentially powerful military posts--vice chairman of the Military Commission and chief of the General Staff (the PLA's highest executive office). Teng, who will probably oversee the economic modernization program, will have to delegate much of his military authority, just as he did in 1975. He will no doubt participate, however, in military policy decisions regarding the modernization of the military.

Some of Teng's opponents within the military are older leaders who were criticized by Mao Tse-tung and by Teng in 1975 as being "inefficient" and "weak." Some of

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these men were targeted for retirement under the 1975 modernization plan. The older generation may also have seen a threat in that plan's policy to reduce the size of China's huge infantry force and give priority to the more technical services and arms. Most of the older generation of military leaders are associated with the infantry.

Opposition to Teng within the military may also come from those in the PLA's party apparatus who led the PLA's criticism of Teng during both campaigns to purge him. These commissars may now fear that past zeal for sacking Teng will jeopardize their careers now that he has returned again.

Teng enjoys the strong support of many senior military leaders, including Yeh Chien-ying. They apparently believe that Teng will be able to accelerate China's economic growth and thus strengthen the prospects for more rapid military modernization. It is these men, rather than Teng's opponents, who seem to be setting the course for the military. [redacted] 25X1

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After the Plenum: A Political Map of China

Now that the Third Plenum of the Tenth Central Committee is over and Teng Hsiao-ping has been formerly rehabilitated the political situation in China's provinces appears relatively stable for the first time in many years. The chieftains in almost half of the provinces have either been transferred or removed from office; the formerly leftist bastions of the northeast, Shanghai, and Anhwei have largely been neutralized; and the faction-ridden provinces of South China have at least been stabilized. Despite the seemingly rosy picture, however, there are still a number of potential political divisions and conflicts within the provincial leadership.

Residual Leftists?

Some provinces that lagged behind the campaign to root out local followers of the "gang of four" may be vulnerable to future charges of deliberately "putting the lid on" the anti-leftist campaign. Inner Mongolia's Yu Tai-chung and Hopeh's Liu Tzu-hou were conspicuously restrained in their efforts to expose local leftists [redacted] 25X1
[redacted] both provinces--especially Inner Mongolia's Huhehot Railway Bureau and Hopeh's Paoting Prefecture--had been heavily influenced by the "gang of four." 25X1
In addition, both Liaoning's Tseng Shao-shan and Tientsin's Hsieh Hsueh-kung emerged from the Third Plenum with clean bills of health [redacted] they had been 25X1
the subjects of wall poster attacks as local leftists. What will happen in the future to these four provincial leaders is now open to speculation. On the one hand, they can be viewed as loyal supporters of the Peking leadership because they have emerged from the Third Plenum unscathed, thereby passing the final test of loyalty. On the other hand, they can also be seen as foot-draggers who attempted to protect their associates and cover up the effects of leftists in their provinces in much the same way that Sung Pei-chang, formerly of Anhwei, and Hsien Heng-han, formerly of Kansu, were alleged to have done, in which case their political days may be numbered.

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The "Pro-Hua" Provinces

At most, the leaders of only six provinces--Hunan, Kweichow, Shanghai, Kiangsu, Chekiang, and Shensi--could broadly be considered as having some ties to Party Chairman Hua Kuo-feng. These provincial bosses are not long-time personal associates of Hua, but may owe him their promotions over the heads of higher-ranking colleagues with personal ties to other figures within the central leadership. These six provinces, located almost exclusively in east and south China, do not provide a broad base of provincial support for Hua. [redacted] 25X1 25X1 Hua's provincial power base may indeed be much smaller.

The "Pro-Teng" Provinces

About 14 provincial chieftains can be considered possible allies of the newly rehabilitated party Vice Chairman Teng Hsiao-ping. The provinces in which these leaders reside cover a wide geographic area and a potentially formidable power base. Provincial leaders in this broad category have either been long-time subordinates or associates of Teng or have been publicly attacked by leftists during the anti-Teng campaign of 1976 and charged with being Teng's colleagues. Of course, in the interest of stability these provincial bosses will probably respond to orders from Chairman Hua until the balance of power in Peking changes--if indeed it does.

The "Swing" Provinces

There are some provinces--notably Honan and Tibet--that cannot accurately be classified in any of these three categories [redacted] 25X1 25X1 These "swing" provinces will probably continue to follow the policies laid down by Peking regardless of which central leader actually calls the shots.

China is currently being led by a loosely held-together collective leadership in Peking and governed by a host of provincial leaders who appear, on the surface, to have a multitude of potentially conflicting personal ties and loyalty networks. [redacted] 25X1

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[redacted] With the exception of a few 25X1
suspiciously leftist-oriented provinces, the political situation in the provinces in the wake of the Third Plenum appears genuinely more stable than it did a decade ago. The apparent differences among provincial leaders with regard to personal loyalties does not seem at this time to pose a serious threat to that stability. The exception is those few provinces that may require a further roundup of leftist. The political situation at long last is almost ripe for China's provincial bosses to knuckle down to the difficult task--a task that requires above all else unity and stability--of transforming China into a modern socialist state. [redacted] 25X1

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Choosing Partners: The Provincial Emulation Campaign

At the Taching industrial conference last May, State Planning Commission chief Yu Chiu-li announced plans to launch a new "learn from Taching" inter-provincial emulation campaign. The campaign, which is designed to heighten worker enthusiasm, tighten discipline, improve industrial management, and boost production by placing the provinces in direct competition with each other, is now in full swing in over two thirds of China's provinces thus far. The participating provinces have chosen at least one emulation partner with which to compete.

Although there is no apparent overall pattern to the provincial match-ups, which are reportedly made first by the provinces and then approved by Peking, there are signs that several provinces may have chosen their counterparts for political rather than economic reasons. The leaders of Kiangsu, Kiangsi, and Kwangtung, in choosing Hunan as their emulation partner, appear to have definite political goals in mind. Hunan is Mao Tse-tung's home province and the one in which Hua Kuo-feng spent most of his career. It is probably more than coincidence that Hunan is the only province that has as many as three others learning from and competing with it.

Hsu Chia-tun, Kiangsu's relatively junior boss, who has no known ties either to Chairman Hua or to newly rehabilitated Vice Chairman Teng Hsiao-ping, probably selected Hunan in order to demonstrate his support for Hua, the man most likely responsible for Hsu's promotion last March [redacted] 25X1 On the other hand, Kwangtung's Wei Kuo-ching and Kiangsi's Chiang Wei-Ching, two provincial chieftains with apparently close ties to Teng, may have chosen to compete with Hua's former province as a subtle challenge to the new party chairman or to indicate that their support for Teng does not mean they will not follow Hua's leadership.

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There are still some provinces (Anhwei, Hopeh, and Shansi) that have not yet joined the emulation campaign. Many of these provinces were also slow to root out local followers of the "gang of four" during the anti-leftist campaign. There is little reason to suspect, however, that these laggard provinces will not join the emulation campaign as soon as their leftist-related local political problems are ironed out. [redacted] 25X1

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Problems with Ideology in the Balkans

The recent deterioration of China's relations with Albania and Yugoslavia forcefully illustrates the determination of the new Chinese leadership to pursue its anti-Soviet goals despite the costs to its ideological pretensions. Peking's relations with its former "closest" ideological ally--Albania--appeared to plummet to an all-time low during the last two weeks. Meanwhile, a representative of the League of Communists of Yugoslavia--once China's whipping boy for Soviet "revisionism" --met in Peking with a Chinese vice premier as part of the preparations for Yugoslavian President Tito's first visit to China.

Since 1971, when Peking made its opening to the US, there have been problems with Albania. These difficulties did not go beyond occasional rumblings in the Albanian press and within Communist Party circles until July 7, when an Albanian editorial systematically attacked China's sacred cow of foreign policy--Mao's Theory of the Three Worlds.

Albania's efforts to call international attention to the dispute coincided with a number of developments in China which could only serve to rub salt in Tirana's wounds. A Chinese Central Committee plenum was on the verge of endorsing Hua Kuo-feng as the successor to Mao Tse-tung--something the Albanians find hard to swallow. The plenum was also to rehabilitate Teng Hsiao-ping, whom Albanian media labeled a "counter-revolutionary" during last year's anti-Teng campaign. The plenum was also preparing to eject formally the "gang of four" from all their posts, thus closing the door on any Albanian hopes for a leftist return to power.

At the same time, Peking was busy outlining its dispute with Tirana, for the foreign communist parties which the Chinese sponsor. [redacted] 25X1

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The feuding culminated in press reports last week that Chinese personnel working on projects in Albania had been asked to leave. At this point, a Chinese Foreign Ministry spokesman quickly denied the stories, possibly because they were not true, but certainly because China is anxious to avoid a breakdown in its state relations with Albania. Peking wants to prevent the kind of open break that would invite new Soviet criticism of China and, at the very worst, Soviet attempts to woo Albania. After years of close relations, Peking's assistance may have earned friends in Tirana from whom the Chinese are waiting to hear.

Two events in Tirana last week will reinforce Peking's interest in sustaining relations. The first was the appearance of an article in Albania's media lauding Chinese industry. The second was a meeting sponsored by the Albanians to celebrate the PLA's army day. Tirana's deputy defense minister attended the ceremony, marking a higher level of participation than last year.

For these reasons Peking has confined its complaints about Tirana to party channels. For example, on July 25, the Chinese escalated their counterattack by quoting a Greek communist who implicitly called Albania's opposition to Mao's three world theory, "revisionism, dogmatism, splittism, and opportunism which may be leftist in words."

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The Chinese may find it difficult, however, to persuade Tirana of their good intentions while they attempt to court Tito--Albania's long-time enemy. Tito had been the focus of Albanian and Chinese critiques of "revisionism" in the late 1950s and early 1960s, when the Sino-Soviet rift first appeared. Peking's invitation to him now is a vivid demonstration of the relatively low priority the Chinese assign to ideological considerations in their foreign policy.

This was graphically illustrated by the July 17 meeting between Vice Premier Ku Mu and Yugoslav party

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executive committee member Munir Mesihovic. The Chinese had agreed earlier this year to meet with a Yugoslav party figure to discuss their differences, although they reportedly played down the possibility that much could come from the meeting.

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[redacted] But from the Chinese 25X1
point of view, there are real gains to be made by inviting Tito. The Yugoslav leader has connections with the nonaligned countries which China would like to lead in opposition to the USSR. Peking also is clearly eager to support Tito's principled stand of independence from the Soviets.

Given these overriding anti-Soviet interests, Peking was willing to put aside for the moment its long-standing ideological conceits. It is precisely this willingness 25X1
that most distresses the Albanians. [redacted] 25X1

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Rehabilitating the "Outline Report"

As a prelude to the rehabilitation of Teng Hsiao-ping, the Chinese press in late June and early July published articles reappraising three documents that outlined Teng's programs for China's future development and that the gang of four had branded as "poisonous weeds." First to be reevaluated was the *Outline Report on the Work of the Chinese Academy of Sciences*, written in 1975, which discussed Teng's plans for improving the quality of scientific and technological research in China. Like the two other documents drafted on Teng's orders, this report has now been labeled a "fragrant flower." For this reason, and also because its sponsor has now been rehabilitated, it seems likely that it will serve as the basis for China's future plans for developing science and technology.

The *Outline Report* saw science and technology as the keys to China's modernization. Without them, none of the government's goals for developing agriculture, industry, and national defense could be reached. The report, however, noted "a considerable gap" between scientific research in China and the most sophisticated research programs in the rest of the world. It also listed a number of problems impeding the development of Chinese science:

--Factionalism had disrupted many schools and research centers.

--Other institutes had been closed, and scientists and technicians had been sent to work in communes and factories.

--Even where research centers survived, there were problems with personnel and the quality of work.

--Scientists and technicians were aging--their average age throughout the country was 40--and younger people had not been trained to take their places.

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--Theoretical research was neglected in favor of applied research, and debate over scientific issues was squelched.

The *Outline Report* proposed a number of measures to overcome these problems. First, addressing the lack of trained personnel, it insisted that people in charge of scientific and technical research departments must have thorough knowledge of their fields as well as political reliability--that they be both "Red and expert."

Second, it called for the training of a large, well-qualified group of professional scientists and the establishment of new scientific research institutes. It took a somewhat equivocal stand on the question of conducting "open-door research," a Maoist program designed to recruit scientific personnel, not only from university graduates, but also from uneducated or poorly educated workers and peasants. This program, the report recognized, played an important role in disseminating basic knowledge about science, but it could not take the place of the training of professional scientists to staff sophisticated research programs.

Third, in order to bridge the gap between scientific research in China and the rest of the world, it called for importing advanced scientific and technological equipment from foreign countries, studying foreign research and scientific data, and sending scientific delegations abroad--all policies that the leftists later attacked. In order to facilitate the study of foreign science and technology, it required all young scientists to master one or two foreign languages.

Fourth, the *Outline Report* stated that theoretical research should be given as much weight as applied research and that theoretical research programs should be developed.

Fifth, it called for a policy of "letting one hundred flowers bloom" in the sciences--in other words, of encouraging debate and discussion of different points of view, rather than allowing academic issues to be decided by administrative fiat on the basis of the age or political sympathies of their supporters.

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The remaining sections of the *Outline Report*--discussions of policy toward intellectuals, a preliminary ten-year plan for science and technology, and plans for rectification of the Chinese Academy of Sciences and units under its control--are omitted from the published version of the report. From recent articles in the Chinese press and from Teng Hsiao-ping's published remarks at a meeting to discuss the report, however, it is possible to reconstruct the section on intellectuals. The report probably said that the vast majority of intellectuals had valuable contributions to make, that only a small number needed to be purged, that good working and living conditions should be created for them in order to facilitate their research work, and that those who made contributions should be rewarded and promoted.

The *Outline Report* pays only lip service to many Maoist ideals--"Redness and expertise," "open-door research," "self-reliance" in developing technology, and practical, applied research. As the preceding summary suggests, the emphasis is on pragmatic measures and programs designed to develop science and technology, and through them, the economy. The Maoist ideals are retained only insofar as they do not interfere with realizing the pragmatic goals outlined in the report. This approach was best summed up by Teng Hsiao-ping during a discussion of the report. It made no difference, he said, if a scientist were "white and expert" (apolitical) rather than "red and expert" (politically reliable) as long as he made contributions to China.

Most of China's current leaders seem to agree that science and technology hold the key to China's modernization and that measures to revitalize scientific research must be carried out rapidly, at the latest by the end of the century. The crisis facing Chinese science, however, may prove even more intractable than the *Outline Report* suggests. Improving scientific research involves more than restoring institutes and research programs and training more scientists. Since at least the Cultural Revolution in the mid-1960s, educational programs at all levels have been disrupted. As a result, not only have few graduate students been trained, but students at all levels lack the background and qualifications to advance

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to higher education. The problem, then, is not simply to restore educational and research programs at the top, but to revamp the entire educational system--a task that will require more than a few years of concentrated effort that China's leaders have allotted to the task of upgrading science and technology. [redacted] 25X1

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CHRONOLOGY

July 7	Netherlands Marxist-Leninist Party delegation led by International Secretary C. Peterson arrives in China. Meets Keng Piao on July 18.	25X1
20	Vice Minister of Foreign Trade Chen Chieh leaves for Moscow to sign trade agreement for 1977.	25X1
	Chairman Hua Kuo-feng receives Michael Klonsky, chairman of the US Communist Party (Marxist-Leninist).	25X1
16-21	3rd plenum confirms Hua Kuo-feng as party chairman, restores Teng Hsiao-ping to all of his positions, and ousts "gang of four" from the party.	25X1
19	Delegation of Chinese People's Institute of Foreign Affairs headed by Hao Te-ching leaves US for home.	25X1
21	Delegation of Communist Labor Party of Denmark led by chairman Benito Scocozza arrives in China, meets Keng Piao on July 22.	25X1
23	Provinces celebrate resolutions of the 3rd plenum.	25X1
24	Ulanfu identified as director of the Central Committee's United Front Work Department.	25X1
25	Li Hsien-nien meets Editor in Chief Stefan Lindgren of Sweden Communist Party newspaper *Gnistan (Spark)*	25X1
26	Leonard Woodcock, new chief of the US Liaison Office arrives in Peking.	25X1

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July	30	Chen Hsi-lien arrives in Inner Mongolia to celebrate 30th anniversary of its founding. [redacted] 25X1
	31	All active members of Politburo, except Chen Hsi-lien, mark 50th anniversary of founding of PLA and hear major speech by Yeh Chien-ying. [redacted]

25X1

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